BEFORE THE U.S. COPYRIGHT OFFICE
LIBRARY OF CONGRESS
WASHINGTON, D.C.

Music Licensing Study: Second Request for Comments	)	**Docket No. 2014-03**

THE PIPELINE PROJECT'S COMMENTS ON THE U.S. COPYRIGHT OFFICE'S MUSIC LICENSING STUDY

The 2014 Pipeline Project and Belmont University respectfully submit these Comments to the U.S. Copyright Office's Second Request for Comments.

Belmont University is a private liberal arts university located in Nashville, Tennessee at the south end of world famous Music Row in the heart of Nashville's entertainment industry. The Mike Curb College of Entertainment and Music Business is one of Belmont's most popular schools and includes majors in music business, audio engineering technology, entertainment industry studies, and songwriting. The music business program in particular is one of the best in the nation, giving students the unique opportunity to earn a traditional B.B.A with a concentration in the music industry. Belmont has spent years establishing strong industry relationships and has become an important stakeholder in its own right.

The Pipeline Project is a music industry think tank and consulting group created by the Mike Curb College of Entertainment and Music Business at Belmont University. The program's activities are conducted every summer. The 2014 group consisted of nine

undergraduate Belmont students selected through a competitive interview process. The students were given stipends and research funds to consult with industry investors throughout the summer. The 2014 team conducted a research study into the ongoing issue of copyright reform and music licensing, along with four other separate projects.

Because the 2014 Pipeline Project did not begin working until June 2, the research team missed the opportunity to respond to the March 17, 2014 Notice of Inquiry. Despite this, the issues raised by the Office are important to the Pipeline team members, as well as all of the young professionals that will make up the music industry in the future. As a team of individuals who have chosen to pursue careers in this industry, the Pipeline Project appreciates the opportunity for its perspective to be considered.

The research team has conducted a variety of methods in its research. The research team read the first Notice of Inquiry comments, books, articles, journals, and other publications; attended the public roundtable held in Nashville; and watched the House Judiciary Committee hearings on licensing. Most importantly, the research ream conducted interviews with more than thirty professionals both inside and outside of the industry. The research team spoke with a near exhaustive list of industry stakeholders including: record labels, publishers, artists, songwriters, attorneys, economists, performing rights organizations, rights administrators, managers, broadcasters, and digital music services.

Throughout our research this summer, we noticed a common theme among the various interviewed stakeholders. All independently agreed that there is a need for both efficiency and fair compensation in the licensing regime. Furthermore, our analysis of the

information we gathered led us to the conclusion that the issue of efficiency must be tackled before the goal of fair compensation can make any real progress. Our responses to the Office's questions herein address many of the specific issues that led us to our conclusion.

I. Data and Transparency

1. Please address possible methods for ensuring the development and dissemination of comprehensive and authoritative public data related to the identity and ownership of musical works and sound recordings, including how best to incentivize private actors to gather, assimilate and share reliable data.

We address this question below, in conjunction with question 2.

2. What are the most widely embraced identifiers used in connection with musical works, sound recordings, songwriters, composers, and artists? How and by whom are they issued and managed? How might the government incentivize more universal availability and adoption?

The International Organization for Standardization (ISO), the authority on international standard setting, has approved a variety of standardized identifiers for copyrighted works and their creators and contributors. Because the Copyright Office is focused on the licensing of music, the identifiers discussed here include:

1) Interested Parties Information (IPI)

2) International Standard Music Work Code (ISWC)

3) International Standard Recording Code (ISRC)

4) International Standard Name Identifier (ISNI)

Interested Parties Information (IPI) codes are assigned to composers, authors, composer/authors, arrangers, publishers, administrators, and sub-publishers. This code is assigned by CISAC and its initiative that created the ISWC code (discussed below). The IPI codes allow a work to be linked to the various parties that are involved in its creation, marketing, and administration. IPI codes are necessary for an ISWC to be obtained.

The International Standard Name Identifier (ISNI) is related to the IPI. The ISNI was developed by the ISO and published in March 2012 as ISO 27729:2012. The purpose of the ISNI is to bridge the gap between the previously fragmented identifiers and databases of all creators and contributors of creative works. The IPI is the identifier used for the creators/contributors of musical works and is related to the ISWC. With the ISNI, the IPI can be linked to other types of works, most importantly sound recordings. Several international organizations backed the development and dissemination of the ISNI, including CISAC. The international authority for the ISNI is the ISNI-IA. The ISNI-IA is still working to spread the use of the code and database throughout the world. Much progress has been made - according to the ISNI website, over 8 million identities have been registered. This figure includes 7.53 million individuals and 490,000 organizations. The ISNI database is driven by contributions from 29 different institutions and databases, and 40 major national and research libraries. However, the only current registration

agencies are allocating ISNIs primarily for literary publishers and authors in Europe. It seems that the number of registration agencies globally has not reached a point to which the codes can be widely disseminated. Despite this, the parties that created the ISNI have a vision for the code to be widely used for creators of all copyrighted works. We believe that this identifier, used in conjunction with the sound record code and musical work codes discussed below, could become the standard identification system for the music industry.

The International Standard Musical Work Code (ISWC) was developed as a part of the Common Information Systems (CIS) initiative by CISAC in the early 1990s. The first ISWC was issued in 1995. In the United States and Canada, CISAC appointed ASCAP to issue all ISWCs for all societies of composers and authors and local agencies in its jurisdiction. Four criteria of metadata must be available for an ISWC to be allocated by a society:

1) The title of the work

2) All composers, authors, arrangers, etc. involved identified by their IPI codes

3) The work classification code (obtained from the CIS list)

4) In the case of 'versions', identification of the work from which the version was made

CISAC also maintains an international database of all IPI and ISWCs that have been issued by the various national and regional agencies. These codes do not disrupt the currently existing identification systems that societies use for internal purposes. Instead, ISWCs provide a standardized method by which individual databases can be linked

together in a useful way. Lastly, according to the ISWC website, "The ISWC will support a wide range of computerized applications, particularly those involving tracking and exchange of musical works information. (e.g. Registration, Identification, Royalty Distribution, etc.)." This last piece is perhaps the most important feature of the ISWC. By allowing specialized applications to be built that utilize the codes, the marketplace can develop its own solutions to many rights management problems.

In the case of sound recordings, the International Standard Recording Code (ISRC) was developed by the recording industries and the ISO in 1986 and last updated in 2001. The ISO appointed the International Federation of the Phonographic Industries (IFPI) as the international ISRC Agency; IFPI in turn appoints regional agencies in each country to assign Registrant Codes. The U.S. ISRC Agency is the Recording Industry Association of America (RIAA). According to the ISRC website, individual ISRC codes can obtained in two ways:

1) Labels, companies, or independent artists can apply for a Registrant Code that grants the organization the ability to assign up to 100,000 ISRCs per year for past and upcoming recordings.

2) The U.S. ISRC Agency can also issue Registrant Codes to ISRC Managers, who can then issue ISRCs to their clients' and customers' recordings on their behalf. ISRC managers must adhere to a more strict set of terms of requirements in order to obtain and use Registrant Code because they are not actual owners of the works. The ISRC website maintains a database of all ISRC Managers.

The ISRC has some disadvantages when compared to the ISWC. First, there is no single database in the United States into which ISRCs are submitted, nor are there any metadata standards like there are for ISWCs. Each sound recording owner, whether the label, independent artist, or other ISRC Manager, is responsible for maintaining reliable databases and metadata. As of right now, SoundExchange uses ISRCs to calculate royalty distributions, and SoundScan tracks sales in the U.S. using ISRCs – because both of these organizations handle such a large volume of sound recordings, it is possible that they have the most comprehensive databases of ISRCs. Secondly, ISRCs are also used in a variety of electronic formats, including CDs and mp3s, by way the ID3 system of tags. However, it is important to note that ISRCs are included as a part of the metadata when recordings are electronically distributed; the metadata is not linked to ISRC in the way that it is with ISWCs. Finally, in the case of multiple owners, ISRCs do not require a complete list of owners in the metadata – the website recommends that the owners designate one the owners to assign ISRCs. This is also unlike the ISWC, which requires the registrant to identify all owners and involved parties via the IPI.

The ISWC is more robust and has requirements that the ISRC needs to adopt. As mentioned above, the ISRC needs to have minimum metadata requirements in order to be allocated, and ISRCs should be registered with a comprehensive repertoire database. Some of the basic metadata requirements should be similar and linked to the ISWC metadata requirements. Some proposed ISRC metadata requirements should include: a requirement of having an ISWC *before* allocating a ISRC, since sound recordings have a linked underlying musical work; ownership data linked to an ISNI; and a requirement of

entry into a single authoritative ISRC database. According to the latest published ISRC Handbook (2009), the International ISRC Agency has plans to designate specific metadata requirements, but no new information has been published since the last handbook in 2009. In addition to minimum metadata requirements, the International ISRC Agency indicated plans to standardize the way in which recording data is exchanged. Some projects cited by the Agency include:

1) Music Industry Integrated Identifiers Project (MI3P) – an initiative of IFPI and RIAA together with the music rights societies, represented by BIEM and CISAC;

2) Moving Pictures Expert Group - MPEG-21 Digital Item Declaration.

3) MUSE Digital Media Communication System – a European Commission funded project for the development of standards to aid data interchange between various parties in the value chain.

The International ISRC Agency proposed that it would work with the National Agencies and users to develop standards for data interchange within twelve months from the publication of that handbook in 2009. As of now, no such announcement has been made; however, these two ideas - minimum metadata requirements and data interchange standards - are vitally important to the progress of useful data in the music industry.

The IPI, ISWC, ISRC, and ISNI are the furthest advancements in reaching the goal of standardized data for the entire industry. The ISWC seems to be the model. If the International ISRC Agency and its partners can make some improvements upon the already expensive system, particularly in standardizing metadata requirements and establishing a more authoritative database, then a lot of progress can be made. In

addition, the ISNI can be the common element that provides the much-needed link between musical works and the sound recordings that embody them.

We envision a "network" of these identifiers, with links between the creators/contributors of copyrighted, musical works, and the sound recordings that embody them. The various databases that store all of this data should be able to "talk" to each other in a useful way. As music goes from the guitar of a songwriter and all the way down the pipeline to the ears of a music fan, it should be able to tracked using these identifiers and data exchange systems, like the ones proposed by the International ISRC Agency. Furthermore, existing companies and entrepreneurs, both inside and outside of the music industry, would be able "plug-in" to this network and utilize the data in new and creative ways. Such a system would allow the industry to function more efficiently, and would lead to an encouragement of competition, transparency, and innovation.

We believe the government has a role in progressing the development and dissemination of these identifiers and data exchange systems. First, as the record industry, rights societies, and other interested parties continue to work to improve upon the existing systems, our government ought to be part of the discussion. Secondly, we propose that once these international identifiers are more sustainable, an ISRC/ISWC and ISNI should be part of the requirement for a registration of a copyright with the Copyright Office. Other such regulations could be used to encourage the adoption of these data standards. We are optimistic that such standards can be widely used within the next five to eight years.

3. Please address possible methods for enhancing transparency in the reporting of usage, payment, and distribution data by licensees, record labels, music publishers, and collective licensing entities, including disclosure of non- usage-based forms of compensation (e.g., advances against future royalty payments and equity shares).

As mentioned in the previous question, "The ISWC will support a wide range of computerized applications, particularly those involving tracking and exchange of musical works information. (e.g. Registration, Identification, Royalty Distribution, etc.)." Once again, we stress here the importance of marrying the ISWC with the ISRC in practical use, along with the common link of the ISNI. As our tracking systems become more digitized to suit the modern music environment, the implementation of such identifiers would give the industry the tools it needs to create ways to accomplish this goal.

4. Please provide your views on the logistics and consequences of potential publisher withdrawals from ASCAP and/or BMI, including how such withdrawals would be governed by the PROs; whether such withdrawals are compatible with existing publisher agreements with songwriters and composers; whether the PROs might still play a role in administering licenses issued directly by the publishers, and if so, how; the effect of any such withdrawals on PRO cost structures and commissions; licensees' access to definitive data concerning individual works subject to withdrawal; and related issues.

The major publisher withdrawals were a direct consequence of the consent decrees placed on ASCAP and BMI. The major publishers do not want to withdraw their rights in their entirety. If these withdrawals happen, the PROs will have to redefine who they are, and the current efficiency that is enabled by this collectivization will collapse.

General licensing makes up a substantial portion of ASCAP and BMI revenues. In fact, general licensing has been a major driver of revenue increases in recent years, as evidenced by the 2012 annual reports of ASCAP and BMI, as well as press releases regarding the 2013 fiscal year for both organizations. The majority of these licenses are small, individual blanket licenses that number in the hundreds of thousands. The major publishers may be able to negotiate better rates in the free market with large companies and associations, but they do not have the infrastructure or experience needed to handle the licensing of the thousands of small music users that rely on the PROs for efficiency. Even if ASCAP and BMI continue to administer the licenses put into place, there will be a potential loss of millions of dollars in general licensing revenue and an utter collapse in efficiency in music licensing. General licensees – restaurants, bars, hotels, dance schools, etc. – rely on the inexpensive and efficient licenses that the PROs issue. By obtaining the three licenses, a small business owner can use music and operate with virtually no chance of copyright infringement. One of the main value propositions offered by the PROs is the extensive repertories available under the blanket licenses. In the event of major publisher withdrawals, access to data concerning the individual works affected could not be achieved. A complete withdrawal event would further fragment an already fragmented marketplace. The PROs have operated for nearly a century and have always been held

high esteem both by the songwriters and publishers they represent, and the licensees that rely on them.

The consent decrees are outdated. Ideally, they should be repealed. However, the two provisions we think should be removed before any others are:

1) ASCAP and BMI cannot license more than performance rights, and

2) Users can perform music on request of a license, and if the parties cannot agree they must go to rate court.

These two provisions in particular have the made the licensing marketplace inefficient and have severely inhibited creators' ability to achieve fair market rates. This is especially troubling in today's modern marketplace in which the licensing of public performance rights is becoming more important to the livelihoods of creators. Furthermore, if we don't act quickly in curtailing this unnecessary government regulation, major publishers and other rights holders will find ways around these restrictions in order to survive. Whether through large-scale direct licensing or the move to new rights organizations, ASCAP, BMI, and the independents that are left will be at great risk. Major publishers rely on ASCAP and BMI for their long-standing history of efficiency and representation, and simply want the opportunity to remain economically viable under this system.

The next provisions we would have eliminated would be:

1) Cannot license movie theatres,

2) Cannot discriminate between "similarly situated" users, and

3) Must offer licenses for all songs.

The first of these is, once again, a matter of principle. The U.S. is one of the few developed countries in which this exemption for movie theatres exists and it is a loophole that should be closed. Secondly, ASCAP and BMI should be able to license for different rates depending on the economic power of a market in a free market - a cafe in New York City should pay more than a cafe in Guthrie, Kentucky. Lastly, users of music would benefit by the ability to obtain customized licenses for their specific needs. For instance, a small jazz club may be able to obtain a cheaper license by only requesting songs in the jazz genre.

Of course, the major PROs initially attempted to withdraw their digital rights from the PROs because they saw the future potential of streaming and other new media as major revenue drivers. As large collections of works themselves, the majors were able to make this decision, however, the independents that remain to be represented by the PROs will bear the cost burdens caused by inefficiencies; the operating ratios with surely suffer. A market in which there are millions of individual copyrights, collectivization is important for efficiency to occur, and viable PROs that represent a wide variety of individual interests are necessary not only for efficiency, but also for fairness.

5. Are there ways in which the current PRO distribution methodologies could or should be improved?

When discussing PRO distribution methods, it is important to remember that no matter how accurate surveying and reporting become, it will be near impossible to pay

writers and publishers with perfect accuracy. This is due to the nature of a blanket license, both usage and revenue based. Even if PROs track every single play, the amount of ears listening to each radio station or bar will be surveyed. However, there are some steps that PROs could take to improve distribution methods and increase writer and publisher trust.

There are ways to track every digital performance, and to some degree the PROs do a great job at tracking terrestrial radio performances. However, a large portion of songs are performed under general blanket licenses in places where it is very difficult to track a song digitally, much less to get a bar owner to report usage. The PROs need to adapt better ways of determining splits amongst ambiguous streams of income. From our understanding, PROs apply the "ratio" of performances they track on radio to calculate royalty steams coming from general licensing in bars and restaurants. If this is the case, we believe this is not the best way to allocate the money received from general licensing. While the heavy performers in radio will have a strong presence in bars and restaurants, we do not believe that the performances from radio reflect the same performances in bars and restaurants. Regardless, we expect to see an improvement in tracking technology within the next five years. Technology like Shazam and YouTube's Content ID System already exist, and similar technologies will be implemented in places where digital tracking systems currently fail. If the PROs can begin tracking all performances and reporting them within their own database, transparency and trust amongst songwriters would benefit. Currently, there are some songwriters who do not fully trust the survey methods of the PROs. If to close to every performance was tracked and recorded in their

database, transparency would increase and songwriters could feel more secure that they are getting paid what they are owed. This process could be improved even more if the adaptation of standard identifiers and data exchange systems are adopted and implemented (see questions 1-3).

6. In recent years, PROs have announced record-high revenues and distributions. At the same time, many songwriters report significant declines in income. What marketplace developments have led to this result, and what implications does it have for the music licensing system?

In the 90s, the music industry thrived off of mechanical royalties. Airplay was just as prevalent, but mechanical sales fed songwriters. As we progress into new and innovative technology, it creates a natural disturbance. Now that more people than ever are streaming, the PROs are seeing more money come through their hands than ever. However, the increase in performance royalties has not made up for the loss in mechanical sales that this disruptive technology has brought. We believe that streaming is a very good thing, however writers cannot make a living on the miniscule streaming royalties. And if writers can no longer make a living doing what they love, then we will see a decrease in the supply of songwriters in the market, if not completely see the collapse of the non-performing songwriter.

7. If the Section 115 license were to be eliminated, how would the transition work? In the absence of a statutory regime, how would digital service providers obtain licenses for the millions of songs they seem to believe are required to meet consumer expectations? What percentage of these works could be directly licensed without undue transaction costs and would some type of collective licensing remain necessary to facilitate licensing of the remainder? If so, would such collective(s) require government oversight? How might uses now outside of Section 115, such as music videos and lyric displays, be accommodated?

While we believe Section 115 has failed to represent free market value and is outdated, the market may take control of fixing Section 115. If the current trends in consumer demand continue, the Section 115 physical and permanent digital royalties may phase themselves out. Digital sales are dropping, and physical sales have already plummeted. By the time Congress could actually pass a law, sales could be an afterthought. And let's not forget that Section 115 mechanical licenses only make up a portion of sales revenue. Most of revenue from mechanical licensing of music work comes from first use licenses and agreements. If this is the case, Section 115 would only be necessary for compulsory licenses for streaming.

However, even though we believe section 115 may phase itself out, we believe certain licensing schemes that could work. One idea would be to have different "packages." The beauty of the compulsory license is that it gives an option to parties that have micro-licensing needs. For example, the small band making a cover or the dance

studio that is putting together a DVD of their recital both need micro-licensing options. These transactions are relatively small, and larger labels and publishers would probably not get back to these parties these parties in the absence of a compulsory license. This is one aspect of the compulsory mechanic licenses for which we see a continued need. However, this same feature allows larger entities to get away with not having to negotiate a contract that they probably should. However, if the compulsory regime offered different "packages," the needs of all could be met. Let's say a party only needed up to 1,000 copies, there could be a package with a statutory rate from 0-1000. However, if that party needed say 1,000-100,000 copies, there would be a different statutory rate with different requirements for reporting. And then at the top, there would be a "corporate level" package that would need to be negotiated with the necessary parties. This solution is a common ground for all parties. The numbers we provided were completely arbitrary, but we thought this idea was a possibility for common ground amongst the interested parties. Small entities that need the ease of compulsory licensing would still have it, but the songwriters and authors that need to have the ability to negotiate larger transactions would be accommodated.

A solution similar to this could work for compulsory mechanical licenses, but when it comes to compulsory licenses needed for streaming, a different licensing scheme would be needed. A solution for digital platforms needs to be grounded in efficiency. If Section 115 would be eliminated, it would be drastic if we do not increase efficiency in music licensing. In order to operate, digital music services have to have a large catalogue, as well as not knowing ahead of time how many licenses (streams) are needed. Direct

licensing already happens in part of the process digital music services have to undergo to license all the music they need to operate. A large digital platform such as Spotify has to negotiate directly with record labels to play their sound recordings. While it is not quite a direct comparison, looking at how this part of licensing operates would be a good start in trying to imagine licensing without Section 115.

The problems Spotify experiences when directly licensing is the amount of transactions needed to license the rest of the music needed: the independents. We believe efficiency in licensing can be increased in a few key ways.

First, if data standards can be implemented and the industry moves towards the adoption of a network of databases, as stated above, the need for a statutory licensing regime is diminished. It seems to us that the statutory license was the twenty-century's solution to efficiency; however, as we progress further into the digital age, and as data becomes more useful, we no longer see a great need for a compulsory license, with the exception of the micro-licensing option mentioned above. Still, we project a near future in which licenses can be obtained easily in a variety of consumer-facing platforms that have been built using the network of databases we proposed in questions 1-3.

Second, the very nature of the music industry necessitates collectivization. Rights are fragmented and there are millions of individual copyrights that must be brought to market. The Harry Fox Agency current handles the licensing and reporting for millions of mechanical licenses, but it is not truly collectivized in the way that the PROs are. We believe that a blanket license option for mechanical licenses would be ideal. However, in the United States, collectivization has a negative connotation. Unions are discouraged

unless absolutely necessary, and in the music industry, two of the three major collectivized units are under anti-trust legislation.

Third, there is a need for bundled rights. The two points above are incredibly important, however, in regards to digital music services operating, this may be the most important point. In order for Spotify (an on-demand streaming service) to operate, they have to receive two licenses for each copyright: a license for the reproduction and a license for the performance. Obtaining every license is incredibly inefficient for Spotify and significantly increases transaction costs. We believe these rights need to be aggregated into a usage system. Internationally, this is called the "Right to Make Available"; all licenses are purchased that are needed to perform a service in one transaction. We believe this is the route that needs to be taken when addressing on-demand streaming. We touch more on the Right to Make Available in question 9.

The issues relating to inefficiencies in licensing that are felt when directly negotiating with record labels would then be exacerbated if Section 115 was eliminated without the proper steps to efficiency because musical works tend to have multiple owners and publishers. This increases the amount of parties that digital music services need to negotiate with if Section 115 was eliminated.

We believe Section 115 needs to be eliminated, however, without the necessary steps towards efficiency, direct licensing would be logistically difficult. Regardless of the future of Section 115, we believe these steps towards efficiency are necessary in today's music licensing landscape.

8. Are there ways in which Section 112 and 114 (or other) CRB ratesetting proceedings could be streamlined or otherwise improved from a procedural standpoint?

Our research did not extend to this area, so we will not discuss the issue in detail. However, we'd like to address just a couple specific issues. First, we believe the industry stakeholders can agree that the ratesetting proceedings take too long. In a recent blog post by David Oxenford in the Broadcast Law Blog, he points out that the upcoming ratesetting proceeding for webcasting rates will take nearly the entire year of 2015. This is too long for a digital environment that is rapidly changing. It seems logical to us that some sort of arbitration alternative would be a better solution. Second, we believe Section 114(i), which prohibits the CRB from taking musical work market rates into consideration when determining rate for sound recordings. This clause has led to some unintended negative consequences for the royalties that musical work owners receive.

9. International licensing models for the reproduction, distribution, and public performance of musical works differ from the current regimes for licensing musical works in the United States. Are there international music licensing models the Office should look to as it continues to review the U.S. system?

Because of the overwhelming amount of complexity in the variations in international licensing schemes, a full understanding would require entire research studies into the copyright systems in each country. However, throughout our research,

specifically in interviews with law professors, we found some interesting points that we would like to address.

International attitude to compulsory licenses.

The attitude to international compulsory licenses is very different than the United States. Mainly, many countries (especially European countries) view compulsory licenses as unjust to the rights of the authors. Because authors cannot refuse compulsory licenses, they infringe on their natural and moral rights. In France, there are hardly any compulsory licenses for any exclusive right. In an interview conducted with one international intellectual property professor, we learned that India and Singapore are the only other countries that have mechanical compulsory licenses similar to the U.S. Even the Office stated that, "Historically, the Office has supported statutory licenses only in circumstances of genuine market failure and only for as long as necessary to achieve a specific goal. In fact, Congress recently asked the Office for recommendations on how to eliminate certain statutory licenses that are no longer necessary now that market transactions can be more easily accomplished using digital tools and platforms." Now, with the advances in data standards addressed in these Comments, we assert that there is no longer a market-improving need for statutory licenses.

International copyright law is much more open to collectivization.

While in the United States collectivization is typically viewed in negative light, it is heavily embraced in international communities. This increases efficiency in music

licensing and decreases the amount of transactions necessary for legal licensing. This needs to be embraced in the United States, and at the very least, it needs to be viewed in better light. The only collectivized societies that exist are performance societies, and 2/3 of them are under anti-trust legislation.

The Right to Make Available.

In many international music-licensing schemes, there is the "right to make available". This is akin to what we have proposed as a "usage license". In the same interview, we asked, "How does Spotify obtain the licenses it needs to operate in other countries?" According our interviewee, Spotify typically gets a license for the right to make available. This basically combines the mechanical and performance licenses that exist in the United States into one transaction. This increases efficiency and decreases the amount of transactions that are needed to legally operate.

There are many more things that we could explore, but we think these three key points are very useful for thinking about our own licensing regime.

1. Other Issues

10. Please identify any other pertinent issues that the Copyright Office may wish to consider in evaluating the music licensing landscape.

The Copyright Act is extensive; the rights that are granted to copyright owners are fragmented and the licensing regime that has developed out of that system is incredibly complex. As a result, music creators and music users have found themselves in the middle of an ongoing debate over copyright reform and music licensing for years. Yet, our research and experience has shown us that there is a need for education of the average music fan. The restaurant owner, the garage band, and the everyday music fan would all benefit from a targeted effort to inform the public on the importance of copyright protection.

As students at a university, we see this need perhaps more than most. As a result, we have challenged ourselves to take a more active role in understand these issues, having conversations with industry professionals, and staying committed to the future of our music industry.

The 2014 Pipeline Project Research Team is grateful to have the opportunity to share our perspective on these issues following a relatively short research study. We hope to continue to be a part of this conversation and to fulfill a lifelong commitment to this industry. We commend the Copyright Office for conducting such a thorough study – we look forward to future developments.

Respectfully submitted,

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